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CENTRAL INTELLIGENCE AGENCY
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THE RESIGNATION OF FRENCH PREMIER PINAY

There appears to be a good chance that French President Auriol will succeed in persuading Premier Pinay to remain in office since Pinay may feel that he has already exerted enough pressure on the political opposition to assure passage of his budget proposals with only minor modifications. French cabinet crises have been overcome in this manner in the past. Even if he decides to remain in office, however, frequently recurring crises can be expected still to jeopardize his regime.

While on most issues Premier Pinay had overcome the handicap of heading a minority coalition in the National Assembly, in the past month his time was fast running out. Despite his unprecedented determination to make Frenchmen tighten their belts, he could not hope to override all the demands of his supporters for special considerations in the 1953 budget. The recent sudden revelation of the Gaullist deputies that they were at last ready to enter the next government hastened his resignation, since this suggested the possibility of a different coalition as well as an opportunity to wean that bloc from the control of General de Gaulle, who not being a deputy would be excluded.

The Pinay regime has been the most aggressive of all French governments since the war in trying to restore confidence in the franc, discredit the Communists, and maintain a high level of defense spending. It bought some of its political support, however, at the expense of concessions to nationalistic demands for modifications in Foreign Minister Schuman's "pro-American" policies. Hence, on issues such as EDC and a peaceful solution of the North African question, the Pinay government has posed more serious direct threats to American policies in Europe than any of its predecessor post-war governments.

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The fall of the Pinay government would not therefore mean that the United States loses a distinct asset in Western Europe, and the next regime is not likely to be any less favorable to American interests. Gaullist influence has already been felt in French foreign policy since Pinay remained in power only with the votes of dissident Gaullists. The mathematical impossibility of forming any government without Schuman's Popular Republicans, moreover, guarantees that the latter's basic policies will be continued, even if he himself is sacrificed.

The major damage resulting from Pinay's overthrow would be the inevitable blow to his anti-inflation program, which is indispensable for preserving France's present precarious economic stability, holding to the proposed ambitious level of defense spending, and avoiding a new devaluation of the franc. The blow to the program need not be severe, however, inasmuch as the preponderance of power in the next government is again likely to lie with the conservative or "hard-money" rightist deputies.